

Message Text

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17

ACTION AF-08

INFO OCT-01 NEA-10 ISO-00 EB-07 /026 W
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R 011645Z SEP 76

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 6254

USDOC WASHDC

INFO AMEMBASSY KUWAIT

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COMMERCE FOR MAJOR PROJECTS

E.O. 11652: N/A

TAGS: EINV, BEXP, MR, KU, US

SUBJECT: MAJOR PROJECT: PELLETIZING PLANT

REF: NOUAKCHOTT 1882

1. FIVE-STRONG ALLIS-CHALMERS DELEGATION LED BY JAMES E. FINK, GENERAL MANAGER OF MINING SYSTEMS DIVISION, CALLED AT EMBASSY AUGUST 26. FINK EXPLAINED THAT PURPOSE OF VISIT TO MAURITANIA WAS TO GATHER ADDITIONAL INFORMATION ON PROPOSED PELLETIZING PLANT SO THAT ALLIS-CHALMERS COULD REFINE ITS BID ON PROJECT. DELEGATION VISITED IRON ORE STORAGE AND LOADING FACILITY AT NOUADHIBOU, WHICH IS ALSO SITE OF PROPOSED PELLETIZING PLANT, AND MET WITH REPRESENTATIVES OF SOCIETE ARABE DE L'INDUSTRIE METALLURGIQUE (SAMIA), ORGANIZATION WHICH ISSUED TENDER FOR PROJECT.

2. ALLIS-CHALMERS HAS CONCLUDED THAT ONLY TWO COMPANIES ARE STILL UNDER SERIOUS CONSIDERATION FOR CONTRACT: (A) ALLIS CHALMERS AND (B) KOBE STEEL OF JAPAN WHICH HOLDS LICENSE FOR ALLIS-CHALMERS EQUIPMENT, THIRD COMPANY, VOEST ALPINE OF AUSTRIA, IS APPARENTLY NO LONGER IN CONTENTION. SHOULD ALLIS-CHALMERS WIN CONTRACT, DELEGATION FROM SAMIA MAY VISIT US IN MID-SEPTEMBER. THIS WOULD BE FOLLOWED BY SAMIA BOARD MEETING, FINAL NEGOTIATING SESSION

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IN KUWAIT, AND SIGNATURE OF CONTRACT IN NOUAKCHOTT.

ALLIS-CHALMERS GROUP WAS SURPRISED AT HOW QUICKLY EVERYTHING IS MOVING AND IS UNDER IMPRESSION FINAL NEGOTIATING SESSION COULD TAKE PLACE IN EARLY OCTOBER.

3. ALLIS-CHALMERS CONFIRMED OUR INDEPENDENT VIEW THAT SAMIA IS NEITHER VERY WELL ORGANIZED NOR FULLY COGNIZANT OF BIG TASK BEFORE IT. SAMIA IS NOT, FOR EXAMPLE, PAYING SUFFICIENT ATTENTION TO DETAILS OF PROJECT. CONSEQUENTLY ALLIS-CHALMERS HAS CONCLUDED THAT IT MAY SUBMIT A BID WHICH ELIMINATES SOME OF THE MORE SOPHISTICATED TRAPPINGS IT COULD INCLUDE IN BIDS ELSEWHERE. ALTHOUGH IT IS STILL NOT ENTIRELY CLEAR, FINK THOUGHT FINAL TECHNICAL DECISION ON BIDS WOULD BE MADE IN NOUAKCHOTT WHILE FINAL DECISION ON FINANCIAL ASPECT WOULD BE DONE IN KUWAIT.

4. IN SEPARATE AND EARLIER MEETING WITH EMBASSY OFFICERS, KANSAS CITY REPRESENTATIVE OF LANG/PRITCHARD, US COMPANY BUILDING SUGAR REFINERY IN NOUAKCHOTT, CONFIRMED ON BASIS OF DISCUSSIONS WITH GIRM THAT FRONT RUNNERS FOR PELLETIZING PLANT ARE ALLIS-CHALMERS AND KOBE STEEL. AT SAME TIME, LANG/PRITCHARD REPRESENTATIVE WAS CRITICAL OF MANNER IN WHICH ALLIS-CHALMERS IS PROCEEDING. REPRESENTATIVE THOUGHT ALLIS-CHALMERS IS TOO CONCERNED WITH SELLING EQUIPMENT AND NOT FOCUSING SUFFICIENTLY ON ALL THE OTHER DIMENSIONS SURROUNDING CONSTRUCTION OF PELLETIZING PLANT. LANG/PRITCHARD IS INTERESTED IN LINKING UP WITH SUCCESSFUL BIDDER SO THAT IT CAN SELL ITS SKILLS AND PREVIOUS EXPERIENCE IN MAURITANIA. ALTHOUGH LANG/PRITCHARD WOULD PREFER TO WORK WITH ALLIS-CHALMERS, IT IS PREPARED TO DO BUSINESS WITH KOBE STEEL IF IT APPEARS THAT KOBE WILL GET CONTRACT.

5. LANG/PRITCHARD REPRESENTATIVE TOLD EMBASSY OFFICERS HE WILL RECOMMEND THAT SENIOR LANG/PRITCHARD MANAGEMENT OFFICIAL CONTACT SENIOR ALLIS-CHALMERS OFFICIAL FOR PURPOSE OF URGING ALLIS-CHALMERS TO CONCENTRATE MORE CLOSELY ON ALL ELEMENTS OF PROJECT. WITHOUT MAKING REFERENCE TO COMMENTS BY LANG/PRITCHARD REPRESENTATIVE, MAJOR PROJECTS IN DEPARTMENT OF COMMERCE MAY WANT TO EXPLORE THIS SITUATION WITH ALLIS-CHALMERS.

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